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C O N F I D E N T I A L BAGHDAD 002269

SIPDIS

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TAGS: PGOV IZ
SUBJECT: BASRAWI CLERIC HOPES FOR POLITICAL CHANGE

Classified By: Senior Advisor Gordon Gray for reasons 1.4 (b) and (d).

Summary

¶1. (C) Senior Advisor for Southern Affairs Gordon Gray, joined by incoming and outgoing REO Directors, met on July 14 with Shi'a cleric and businessman Sayid Abdel Musawi. Musawi was generally positive about Basrah's future, favorably comparing its economy to that of its neighbors and acknowledging the security situation had improved considerably. "People want change," he said, referring to Basrah's current political status quo. However, he also expressed worry that voter disenchantment may lead to low turnout at the polls. He confirmed that Sadrists would participate in the provincial elections and identified several Sadrists-affiliated parties. End summary.

Economy in Decent Shape

¶2. (C) Musawi was generally positive about Basrah's economy and security situation, noting that inflation and wages compared favorably to neighboring countries and that security had improved following Operation 'Charge of the Knights.' He identified the main economic obstacle as a lack of financing for entrepreneurs, noting that the Central Bank charges 12 percent for loans and private banks can charge as much as 22 percent (Note: The Central Bank lends to other banks, not the Iraqi public. Although Musawi is wrong about the role of the Central Bank, he is correct about the scarcity of bank financing; Iraq's banks generally cannot lend profitably under present conditions. End Note.) Musawi called the status of the USD 100 million reconstruction fund "unclear" and blamed Minister of State for Parliamentary Affairs Safa al-Safi for selecting unqualified contractors and using the money for political benefit. Given the link between unemployment and instability, Musawi advocated using the money to address the immediate need for job creation. "In my opinion," Musawi said, "we should use the money to create fake jobs for unemployed workers until they have the opportunity for real work."

Need for Political Change

¶3. (C) "People want change," declared Musawi, "and I hope for change, because it will lead to stability." Musawi said his main concern was that the political status quo would remain in place due to low voter turnout. He said that Saudi Arabia, Kuwait, and Iran were supporting various political candidates. According to Musawi, the Iraqi Islamic Party (IIP) is backing the 'Group of Learned and Cultured of Iraq,' while the Sadrists have at least four front groups, including the 'Revolutionaries of the Shabaniyah Uprising Movement' and the nationally-registered 'Hizbullah in Iraq Movement.' Referring to the practice of religious parties that are using 'independent' fronts, Musawi laughed and said "Allah made three kinds of beings: those that walk on four legs, those that walk on two, and those that crawl on their stomachs."

SOFA Support Uneven

¶4. (C) Musawi said that Basrawis were evenly split over whether to support a Status of Forces Agreement (SOFA) with the U.S. He said that people should be educated on the positive aspects of the SOFA to overcome reluctance rooted in religious principles.

Islamic Conference Mixed Success

¶5. (C) Musawi called the 'First International Annual Islamic Conference,' held in Basrah from July 14-16, a "small seed" in the process of reconciling Iraq's various religious parties. However, he said that individuals linked to Iran refused to attend the conference, and that holding a conference next year would only be worthwhile if attendance increased.

Comment

¶6. (C) Although his economic outlook was more positive than many Iraqis, Musawi's hope for political change echoes the calls of almost every REO contact. His examples of 'independent' entities linked to the established religious parties provide yet more evidence that a major challenge facing Iraqi voters will be determining exactly where their vote goes. End comment.

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